Levine Blaszak
Block & Boothby LLP

May 18, 2006

EX PARTE SUBMISSION

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Re: Ex parte Contact in Federal-State Joint Board on Universal Service; CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116 and 98-170

Dear Ms. Dortch:

By this letter the AdHoc Telecommunications Users Committee ("AdHoc") responds to recent ex parte communications of several parties in the above referenced proceeding.

CTIA's April 26, 2006 Ex Parte

CTIA's April 26, 2006 ex parte is another of several pleas from service providers seeking unjustified, special interest adjustments to uniform assessment of Universal Service Fund (USF) contributions based on assigned working telephone numbers.[1] The Commission should reject CTIA's effort to win "special" treatment. Instead, the Commission should adopt a USF assessment methodology that is consistent from service to service and from supplier type to supplier type, rather than a methodology that is indefensibly reverse engineered to satisfy certain service providers.

Until relatively recently, wireless service providers opposed assessing USF contributions based on working telephone numbers. AdHoc, on the other hand, was the first party to support Chairman (then Commissioner) Martin's suggestion that telephone numbers would be a better basis for assessing USF contributions. CTIA's recent conversion may be grounded in an assessment that the Commission is likely to replace revenues with telephone numbers as the

[1] See, e.g., Verizon ex parte filing, CC Docket No. 96-45, July 18, 2005.

2001 L Street NW • Suite 900 • Washington, DC 20036 • 202.857.2550 • 202.223.0833 Fax www.lb3law.com

basis for USF contribution assessments, and that now is the time to try to win adjustments to the new methodology.

CTIA's support for a telephone numbers based USF assessment methodology appears, however, to depend on the Commission providing the wireless industry with discriminatory, special interest concessions – concessions that would be the antithesis of a competitively neutral assessment methodology. CTIA urges the Commission to assess additional telephone numbers on wireless "family plans" at a rate that is fifty percent (50%) of the assessment applicable to landline phones and the "primary" phones on wireless family plans.[2] Mitigation of the impact of moving to a telephone numbers based assessment methodology is CTIA's stated reason for the 50% discount.[3] CTIA's family plan proposal is indistinguishable in principle from earlier pleas by exchange carriers for reduced assessments on telephone numbers associated with Centrex lines.[4]

Favorable discriminatory treatment would be unjustified for wireless family plan telephone numbers or for telephone numbers associated with Centrex lines. In both cases unique working telephone numbers are used for each telephone to which service is provided. In both cases there are separate connections to the network for each telephone number. Moreover, neither CTIA nor exchange carriers have even attempted to demonstrate that the resulting Commission sanctioned discriminatory USF assessment methodology would be justified on "affordability," rate shock or other legitimate grounds. Indeed, CTIA would be hard pressed to make an affordability or rate shock argument, given that wireless providers often impose significant overage charges when their customers exceed usage limits in their monthly plans.[5] If the Commission were

---

[2] CTIA, The Consumer Benefits of CTIA – The Wireless Association's Numbers-Based Universal Service Contribution Proposal, at 5.

[3] Id.

[4] See, e.g., Verizon ex parte filing, CC Docket No. 96-45, July 18, 2005.

[5] Citing 21,000 complaints to the FCC in 2003, NASUCA, the National Association of State Utility Consumer Advocates, drafted a resolution in November 2004 targeting wireless service shortcomings. Specifically identified among the shortcomings was the collection of "overage" charges. NASCUA found that "WHEREAS, wireless carriers often collect substantial overage and roaming charges from consumers who inadvertently exceed their "anytime" minutes or calling areas – often as the result of wireless carriers' misleading designations of calling periods and service areas…". (NASUCA Resolution 2004-07) While each of the wireless carriers has their own unique family plan structures, most contain a "bucket" of minutes that is shared between the phones on the same family plan, and with a high per minute "overage" charge for usage beyond the bucket. As an example, Verizon, presently offers a "bucket" of 700 anytime minutes, free night and weekend usage, and free "in-plan" calling, that can be shared between up to four phones for a cost of $69.99 per month for the first two phones, and $9.99 per month for each additional phone. The per minute cost associated with usage beyond the bucket is priced at $0.45 per minute. Incoming and outgoing text messages are priced at $0.10 each.

to grant the discriminatory favoritism sought by CTIA and wireless service providers, it should be prepared to grant discounted assessments for Centrex service and for multiple landline telephone numbers on single accounts because there are no circumstances unique to wireless service that would justify favorable discrimination.

If the Commission were to flash cut to a numbers-based assessment mechanism today, applying a unitary charge to all numbers, and only numbers, with no "special" exemptions (other than for lifeline subscribers), the "per number" assessment that would be required to meet the existing universal service fund requirement would be $1.00. Table 1 attached hereto documents the data used for this calculation. The quantity of numbers "assigned" appears to be growing steadily with no signs of growth abating (see Table 2) – meaning that a numbers-based system should also be able to sustain additional growth in the fund itself until such time as the Commission has fashioned a solution to that side of the problem. The quantity of numbers "assigned" has grown, on average, 5% a year from the end of 2000 to the end of 2004.[6] The quantity of additional numbers "assigned" during the first six months of 2005 (the last period for which data was available) equaled an additional 3% – putting 2005 on track for a six percent growth rate.

The per number USF assessment required to meet the apparently insatiable needs of the fund would, of course, climb with each special interest accommodation. A special accommodation for wireless family plans would cause the per number charge to be higher than it would be absent such an accommodation, as would an accommodation for paging numbers, and an accommodation for prepaid wireless phones. Special accommodations for wireless family plans would give fodder to others seeking special accommodations. College and university numbers, Centrex numbers, DID numbers – all would have a basis for requesting special accommodations based upon a grant to wireless family plans. The undiscounted per number assessment would go even higher, perhaps much higher, if the Commission were to begin carving away at the base of assigned numbers.

Attachment A contains details of Verizon's current wireless family plan offerings, including per minute "overage charges".

[6] It should be noted that the growth is occurring in both wireline and wireless numbers assigned, despite RBOC claims that the quantity of wireline 'lines" has been shrinking. The continued growth in the "wireline" category is likely attributable to growth in VoIP services and other innovative uses of numbers such as e-fax.

CTIA implicitly recognizes that if the Commission were to discount the per number assessment for additional numbers on wireless family plans, funding for the USF would come up short of USF requirements if the contributions not assessed on such numbers were not recovered from other services or by increasing the undiscounted per number assessment. It appears as though CTIA would recover at least a significant chunk of the funding shortfall that would be created by its plea for special advantage by increasing USF assessments on broadband connections.[7] CTIA does not explicitly identify the degree to which it would recover the USF funding shortfall from special access, except to note that it, "[s]upports capacity tiers and multipliers that appropriately reflect how customers of different categories of non-switched connections value the services they purchase." CTIA apparently believes that large businesses, i.e., broadband access customers, should continue to make the same level of USF contributions under a numbers-based system as they make under the revenue-based system. CTIA, however, argues that "[r]esidential broadband services associated with a number would not be separately assessed…."[8]

CTIA's apparent recommendations regarding USF assessments on broadband access would constitute indefensibly bad, anti-business public policy. AdHoc has previously explained that rigging broadband USF assessments to generate a reverse-engineered level of USF contributions would distort purchasing decisions and produce an uneconomic allocation of economic resources. The Commission should not discourage use of efficiency enhancing broadband access connections through application of excessive USF assessments, but that would be exactly the result if the Commission were to try to recover from broadband special access connections the USF assessments that should instead be assessed against wireless family plan numbers.

No logical or economically rational reason justifies transferring higher levels of USF-funding obligation to businesses, non-profits and governmental entities as they use higher bandwidth capacity services – yet this is precisely what occurs with any "weighted" broadband or special access connection assessment plan. Unfortunately, the impact upon technology choices and the penalty for "trading up" to a higher bandwidth would be exacerbated by the higher universal service charges that would result from CTIA's propopsal.[9] Rather than encouraging US businesses to find ways to utilize the most

---

[7] CTIA ex parte, at 4.

[8] Id at 5.

[9] In most cases the difference between a higher or lower speed broadband transmission path is a matter of the electronics on the circuit. Higher bandwidth broadband facilities allow data to travel faster, and allow businesses to conduct their operations more efficiently.

effective, efficient and available technologies to compete in the global marketplace, inflated USF assessments on broadband special access facilities could discourage business users from using higher bandwidth facilities. All consumers would loose if the Commission were to burden broadband connections with excessive USF assessments.

CTIA's implicit argument seems to be that business users will be "getting off easy" unless a "special" assessment mechanism applicable to data services (like a connections-based tiered weighting plan for broadband facilities) is included in a new assessment mechanism. Examination of the data, however, reveals that nothing could be further from the truth. Tables 3 and 4 attached hereto document AdHoc's findings. First, review of switched access line count data in conjunction with "assigned number" reports reveal that while the average residential wireline access line likely has only one telephone number associated with it, business lines, on average, have four telephone numbers (see Table 3). Assuming a $1.00 per number USF assessment, the typical residential customer subscribing to a traditional switched access line will pay $1.00 per month in USF charges, on average, while business customers subscribing to traditional switched access lines will pay, on average, $4.00 per month. Rather than "getting off easy", business users will be paying, on average, four times as much as residential customers for each switched access connection into the network.

Taking the analysis a little bit further, AdHoc has discovered that even though residential users account for 70% of all non-broadband connections to the public switched network (wireline and wireless combined), business users will pay fully 50% of the USF assessments under a purely numbers-based plan. Table 4 attached hereto contains the details of AdHoc's calculations. Adding a special "connections-based" charge for business broadband connections (special access) while exempting residential broadband connections (DSL and FiOS-like services) would be indefensible and would be a clearly anti-business decision in the face of this evidence, The inescapable, bottom-line conclusion that comes from reviewing the data contained in Tables 1 – 4 is that there is no need to assess broadband connections of any kind – residential or business – to meet the USF's requirements.

Muddying the water somewhat, CTIA attempts to distinguish between residential broadband connections associated with lines that provide switched voice services, and other "stand alone" residential broadband connections. CTIA recommends that only per number USF assessments be levied on residential broadband connections used for switched services. There is, of course no basis for discriminating among residential and business customers as to this matter. While AdHoc believes it inappropriate to introduce a connections-based broadband assessment component into a numbers-based USF assessment scheme, if the Commission were to conclude that such a component should be included, the Commission should treat business customers utilizing broadband connections for access to switched services the same as residential customers. The telephone numbers associated with the switched services accessed via such broadband connections should be the only USF assessment on those facilities. The business broadband connections used for such switched services should not also be subjected capacity connections. If the Commission were wrongly to assess such broadband connections on the basis of capacity and telephone numbers, the Commission would be compelled to assess residential and business broadband connections alike. Requiring capacity-based assessments only on business high capacity broadband connections, given that such connections are used by business and residential customers for access to internet services as well as switched services, would violate the just, reasonable and affordable requirements of Section 254(b)(1), prohibitions on unjust and unreasonable rates and unreasonable discrimination found, respectively, in sections 201(b) and 202(a)[10] of the Communications Act, the reasoned decision making requirement of the Administrative Procedures Act[11] and the Equal Protection clause of the Constitution.[12]

The Commission would be well advised to not impose USF capacity-based assessments on any broadband connections. The forgoing discussion establishes that the Commission could not lawfully impose capacity-based USF assessments on business, but not residential, broadband connections used to access switched services with which telephone numbers are associated. Nor can the Commission lawfully impose capacity-based USF assessments on broadband connections that are not used for switched telephony and that are leased by business customers if the Commission were to exempt such connections when leased by residential subscribers.

In the BWIA Order the Commission essentially found that wireline broadband services, when used by facility-based providers of broadband wireline Internet access for the purpose of providing Internet access, are not "telecommunications services" and as such, eventually will not be subject to the

---

10 See, Texas Office of Public Utility Counsel v. FCC, 265 F.3d 313, 425 (5th Cir. 2001).

11 5 U.S.C. 551 et seq.

12 In Bolling v. Sharpe, 347 U.S. 497 (1954), the Supreme Court used the Fifth Amendment's due process guarantees to apply equal protection principle to actions by the federal government.

USF collection mechanism.[13] While the most common LEC residential Internet access service available today is DSL, the BWIA Order does not limit its findings to DSL. Verizon's FiOS service, for example, offers a fiber-based broadband Internet access capability at speeds up to 30 MBPS that would fall under the new BWIA rules. FiOS has greater capacity than many special access connections, and certainly will be used for many applications, including voice, which is a telecom service, and Internet access and entertainment services which are not.

As telecommunications networks become IP networks, applications for residential and business customers will converge on single integrated networks with bundled pricing. Internet access will be one of many applications using these converged networks. Network capacity rather than usage will be sold. Networks will not distinguish between voice packets, video packets, data packets and Internet usage packets, except when class of service ("CoS") markers are attached to real time applications, such as voice, (But not all users will utilize CoS markers), or perhaps when broadband providers want to extract premium rates.[14] Moreover, in any period of time Internet access service will consume more or less of the bandwidth on IP networks, and it will be impossible to determine reasonably how much capacity is consumed by Internet access. Such determinations, however, would be necessary because Internet access service is not subject to USF contributions as a result of the regulatory classification of that service under the BWIA Order. The implications of the BWIA Order and rapidly emerging network technology make clear that imposing capacity-based USF contributions on broadband connections to which residential customers and businesses subscribe would be anything but visionary.

Ex parte materials filed by members of the Intercarrier Compensation Forum on July 29 of this year demonstrate that a decision to remove capacity-based assessments from a numbers-based USF assessment mechanism would result in an increase of only $0.03 per month in the required level of a "per number" charge.[15] The additional complexity, instability and dead weight

---

[13] BWIA Order at paras. 112 and 113.

[14] Nor would the Commission want carriers to attempt to identify the applications embedded in packets (assuming that such identification would be feasible) because (1) peering into the content of customer usage would jeopardize personal privacy and business security interests and (2) would likely impose added costs on service providers that they then would pass onto residential and business subscribers, resulting in the Commission being responsible for more dead weight loss imposed on the economy.

[15] Ex Parte submission of members of the Intercarrier Compensation Forum in CC Docket No. 96-45 (filed July, 29, 2005).

economic loss that would be embedded in the plan through the inclusion of a capacity-based assessment upon broadband connections is simply not justified by a $0.03 per month differential in the overall unit charge.

Revenue-Based Proposals

Several parties have urged the Commission to impose revenue-based assessments on broadband connections. Qwest seems to be the most recent proponent of this approach.[16] For the reasons discussed above, AdHoc reiterates that no assessment is necessary on either residential or business broadband connections in order to meet USF funding requirements. AdHoc has consistently opposed imposition of USF contribution obligations on broadband connections if such obligations are based on revenues; and it continues to do so.

Suggestions that the Commission assess USF contributions on interstate broadband revenues would impose excessive contribution obligations on subscribers of such connections and introduce undesirable instability into a numbers-based USF assessment methodology. First, broadband connections that support services with which telephone numbers are associated would already pay USF assessments based on the quantity of telephone numbers. As demonstrated above, such assessments would be quite substantial for business subscribers. Moreover, AdHoc has explained and demonstrated over and over again that local exchange carriers are charging excessive special access service rates when given pricing flexibility and, of course, are realizing excessive revenue from such connections. Imposing a USF burden based on current special access revenues would unreasonably burden special access subscribers (including end user purchasers of retail level services that use special access as an input).

Moreover, assessing broadband connections on a revenue basis would almost necessarily result in numbers-based assessments being computed on a residual basis. As a result the per-number assessments would be set residually and would be subject to change because of changes in the revenues associated with broadband connections. A USF contribution methodology with a residual component would introduce additional transaction costs into the overall structure of the system, create instability and undercut the predictability of numbers-based assessments, and hold significant potential for manipulation and economic inefficiency.

---

16 Qwest ex parte filing, CC Docket No. 96-45, April 19, 2006.

The additional transactions costs associated with collecting a revenue – based charge on broadband special access would likely be significant for all parties (the agency administering the fund, the carriers reporting upon their sales of retail-level special access (or its retail equivalents) services and the end users to whom any USF assessments are eventually flowed through. Many of the problems inherent in the present revenue-based system would continue on since the prices for broadband special access (dedicated access) services are frequently “bundled” in with other service elements and with equipment. Enterprise customer purchases of broadband special access (or equivalent) services are always to be used with something else – minutes of long distance, internet access services, MPLS Ports – these services serve no useful function on their own. A customer cannot transmit data between its data center and some other point over an ATM network without a port into the ATM cloud and a broadband connection between the carrier and data center – each piece has no use without the other. As such it is entirely within the discretion of the carrier to either bundle the prices together (a quite reasonable approach), or set prices for each piece of the total service at whatever level it wants. In the case of bundled service offerings business customers large and small will find themselves in the untenable situation of having no way to verify whether the revenue-based USF surcharges being “passed on” to them are accurate or inflated.[17]

No legitimate public interest objective would be served by adoption of a USF contribution methodology that includes a revenue-based assessment component.

---

[17] Billing inaccuracies are rife throughout the telecom industry, so much so that an entire “bill auditing” industry has sprung up to meet customer needs. While the kinds of billing inaccuracies that occur today can be detected by cross checking, for example, the number of facilities in place and the price in a contract against a carrier bill, there will be no ability to check and see whether or not the revenues from the portion of a bundled service charge that a carrier is applying a USF pass-through surcharge on is the same amount of revenue that the carrier is reporting as surchargable to USAC.

Conclusion

The beauty of a numbers-based assessment mechanism is its simplicity. There is a finite and countable quantity of telephone numbers. Working telephone numbers is the most rational and equitable basis for USF assessments. A better system does not exist. Accordingly, AdHoc submits that a replacement USF mechanism should be based entirely upon numbers, with no capacity-based or revenue-based assessments on broadband connections of any kind.

Sincerely,

Susan M. Gately
Economics and Technology, Inc.
Two Center Plaza, Suite 400
Boston, MA 02108-1906
617-227-0900

Economic Consultants

James S. Blaszak
Levine, Blaszak, Block & Boothby, LLP
2001 L Street, NW, Suite 900
Washington, D.C. 20036
202-857-2550

Counsel for
AdHoc Telecommunications
Users Committee

cc: Chairman Kevin Martin
Commissioner Michael Copps
Commissioner Jonathan Adelstein
Commissioner Deborah Taylor Tate
Daniel Gonzalez
Thomas Navin
Michelle Carey
Scott Deutchman
Jessica Rosenworcel
Dana Shaffer
Scott Bergmann
Narda Jones
Don Stockdale
Thomas Buckley
Cathy Carpino
Greg Guice
Carol Pomponio

ATTACHMENT A

verizonwireless
We never stop working for you.®

America's Choice^{sm} Family SharePlan®

Sign up on a Family SharePlan® starting at **$69.99 monthly access** for 2 lines and get additional lines for just **$9.99** monthly access per line+.

Unlimited IN Calling On All Lines
Talk with any of our over 49 million customers anytime from within America's Choice calling coverage area, without using your allowance minutes.

Check if your friends & family are IN.

(Coverage not available everywhere. America's Choice covers 291 million people in the U.S.)

Unlimited Night & Weekend Minutes
Talk to anyone during night and weekend hours without using any of your allowance minutes from within the America's Choice Coverage Area.

+With 1- or 2-year Customer Agreement per line

Back to all calling plans

For existing customers
Log in to My Account to
Add A Line to your plan.
Get the Details
Login

Included Features:

- 3-Way Calling
- 411 Connect®
- Basic Voice Mail
- Call Forwarding
- Call Waiting
- Caller ID/Caller ID Blocking
- New Every Two®
- No Answer / Busy Transfer
- TXT Messaging

Rate area map:

America's Choice Map

National Enhanced Services Map

To add this plan to your wireless package complete these steps:

Select plan minutes

Select	Monthly Airtime Minutes	Promotions	Monthly Access	Additional Minutes
	700	First Two Lines - Unlimited IN Calling **AND** Night & Weekend Home Airtime Minutes on All Lines	$69.99	$0.45
		Additional Lines	$9.99	$0.45
	1400	First Two Lines - Unlimited IN Calling **AND** Night & Weekend Home Airtime Minutes on All Lines	$89.99	$0.40
		Additional Lines	$9.99	$0.40
	2100	First Two Lines - Unlimited IN Calling **AND** Night & Weekend Home Airtime Minutes on All Lines	$109.99	$0.35
		Additional Lines	$9.99	$0.35
	3000	First Two Lines - Unlimited IN Calling **AND** Night & Weekend Home Airtime Minutes on All Lines	$149.99	$0.25
		Additional Lines	$9.99	$0.25
	4000	First Two Lines - Unlimited IN Calling **AND** Night & Weekend Home Airtime Minutes on All Lines	$199.99	$0.20
		Additional Lines	$9.99	$0.20
	6000	First Two Lines - Unlimited IN Calling **AND** Night & Weekend Home Airtime Minutes on All Lines	$299.99	$0.20
		Additional Lines	$9.99	$0.20

- Domestic Long Distance (airtime applies)(Unlimited)
- Domestic Roaming (No roaming charges) (Coverage not available in all areas)
- Night Hrs (M–F): 9:01 p.m.–5:59 a.m.
  Wknd Hrs: 12:00 a.m. Sat.–11:59 p.m. Sun.

Select a contract term

Phone pricing may be different by contract term (usually lower phone pricing on 2-year contracts).

Duration of your plan	1-time activation fee

	First line	Each additional line
2-year contract	Free	Free

By clicking "Continue To Select Phones" I acknowledge that I have read the plan terms & conditions below.

CONTINUE TO SELECT PHONES >

Additional Calling Plan Information
Monthly Home Airtime Allowance Minutes, National IN Calling, Night & Weekend Minutes and Home Airtime Per-Minute Rate are for use from within the America's Choice Home Airtime Rate and Coverage Area.

International Roaming
69¢/minute plus pass-through of serving carrier's tolls, surcharges and taxes. See verizonwireless.com for service availability.

411 Connect®
$1.49 per call plus airtime.

Required Equipment
CDMA tri-mode or All-Digital phone with Verizon Wireless software.

Required Minimum Term, Activation Fees and Early Termination Fee

- Customer Agreement — $35 activation fee per line, except FamilyShare additional lines, $25 for 2-year agreements.
- Early Termination Fee — $175 per line.

Taxes, Surcharges and Fees

- Tolls, taxes, surcharges and other fees, such as E911 and gross receipt charges, vary by market and as of July 1, 2005, add between [6% and 36%] to your monthly bill and are in addition to your monthly access fees and airtime charges.
- Monthly Federal Universal Service Charge (varies quarterly based on FCC rate) is 2.41%.
- Monthly Regulatory Charge (subject to change) is 5¢ per line.
- Monthly Administrative Charge (subject to change) is 40¢ per line.
- The Federal Universal Service, Regulatory and Administrative Charges are Verizon Wireless charges, not taxes. For more details on these charges, call 1-888-684-1888.

Important Information:
For more information, refer to the Customer Agreement.

Service is subject to the Customer Agreement, which you should read before activating service. Credit approval required. Billing, shipping and end-user address must be within the Verizon Wireless licensed and service areas where the wireless phone number is issued.

In some rare instances, dialing ***228** may alter your Calling Plan's Home Airtime Rate and Coverage Area. The accuracy of the roaming indicator on your phone cannot be guaranteed. Charges for calls will be based on the cell sites used and time of day at the telephone switching office that carries your call, which may be different than the time of day shown on your phone. Rates do not apply to credit card or operator-assisted calls, which may be required in certain areas. Usage rounded up to next full minute. Unused allowance minutes lost. Charges start when you first press **SEND** or the call connects to a network on outgoing calls, and when the call connects to a network (which may be before it rings) on incoming calls. Time may end several seconds after you press **END** or the call otherwise disconnects. For calls made on our network, we only bill for calls that connect (which includes calls answered by machines). Calls to 'toll-free' numbers are toll-free; you will be billed airtime. Billing for airtime and related charges may sometimes be delayed. [Delayed airtime may be applied in the month it appears on your bill against airtime included in your Calling Plan for that month, rather than against the included airtime for the month when you actually made or received the call. This may result in charges higher than you'd expect in the later month.]

Family SharePlan
Minimum of two lines required. Maximum of five lines. Only one line is the primary line. All lines must be activated on the same billing account and in the same market.

National IN Calling
If Caller ID is not present or Caller ID Block is initiated, National IN Calling does not apply to incoming calls and will apply to outgoing calls only. National IN Calling is not available to customers whose wireless exchange restricts the delivery of Caller ID or with fixed wireless devices with usage substantially from a single cell site. National IN Calling does not apply if Call Forwarding or No Answer/Busy Transfer features are activated or to data usage, including Push to Talk calls, Picture Messaging or Video Messaging, calls to check your Voice Mail and calls to Verizon Wireless customers using Airfone® Service or any of the **VZ**Global services. National IN Calling does not apply in those areas of Louisiana and Mississippi where your phone's roaming indicator flashes.

Internet Access
Mobile Office Kits, PC Cards, PDAs or other wireless modem devices may not be used for Internet access without a subscription to select **VZ**Access plans.

Verizon Wireless Calling Plans, Rate and Coverage Areas, rates, agreement provisions, business practices, procedures and policies are subject to change as specified in the Customer Agreement.

Connecticut Customers: If you have any questions about your bill or concerns about your service, please call Customer Care at: 1-800-922-0204 or dial *611 from your wireless phone. If you are a Connecticut customer and we cannot resolve your issue, you have the option of contacting the Department of Public Utility Control (DPUC): Online: www.state.ct.us/dpuc Phone: 866-381-2355; Mail: Connecticut DPUC, 10 Franklin Square, New Britain, CT 06051.

Last Update 04/11/06

TABLES 1-4

Table 1

Monthly Per Number Assessment Required to Fund Current Universal Service Program Demand
(Assuming Exemption for Lifeline Customers)

	Number Category	Units	As of:	Source:
(1)	ILEC numbers	302,725,000	30-Jun-2005	FCC *Numbering Resource Utilization in the US,* 5/2/06
(2)	CLEC numbers	56,932,000	30-Jun-2005	FCC *Numbering Resource Utilization in the US,* 5/2/06
(3)	Toll Free numbers	22,159,000	30-Dec-2004	FCC*Trends in Telephone Service* , Table 18.3, 06/05
(4)	Paging numbers	7,999,000	30-Jun-2005	FCC *Numbering Resource Utilization in the US,* 5/2/06
(5)	Wireless numbers	213,839,000	16-May-2006	http://www.ctia.org/index.cfm accessed 5/16/06
(6)	TOTAL NUMBERS	603,654,000		Sum of lines (1) - (5)
(7)	Lifeline Connections	7,119,506	30-Dec-2005	USAC Appendix LI08 for 3 Q 2006 at http://www.universalservice.org/about/governance/fcc-filings
(8)	TOTAL NUMBERS-BASED UNITS (ASSUMING LIFELINE EXEMPTION)	596,534,494		Line (6) - Line (7)

	USF Program Demand	Dollars	Estimate as of:	Source:
	USF Program Forecast Demand 1 Q 2006			
(9)	1st Quarter 2006	$ 1,773,800,000	16-Mar-2006	*Public Notice, Proposed 2nd Quarter 2006 Universal Service Contribuion Factor* FCC DA 06-571
(10)	Annualized 2006 Demand	$ 7,095,200,000		Line (9) * 4

	Calculation of Required Per Number Assessment			
(11)	Total Monthly Numbers-based Units	596,534,494		Line (8)
(12)	Annualized Numbers-based Units	7,158,413,928		Line (11) * 12
(13)	**Required Monthly Per Number Assessment**	**$ 0.99**		**Line (10) / Line (12)**

Table 2

The Quantity of "Assigned" Numbers Continues to Grow

	Wireline			Other		
	ILEC	CLEC	ILEC + CLEC	Wireless	Pagers	TOTAL
	(Numbers are all shown in thousands)					
December, 2000	303,336	24,799	328,135	99,019	24,000 Est**	451,154
June, 2001	305,938	27,942	333,880	111,734	23,621	469,235
December, 2001	305,430	30,941	336,371	128,493	18,001	482,865
June, 2002	Data missing	Data missing	Data missing	Data missing	Data missing	Data missing
December, 2002	297,433	29,892	327,325	141,766	14,111	483,202
June, 2003	304,966	30,169	335,135	151,861	12,641	499,637
December, 2003	299,903	31,699	331,602	160,623	11,208	503,433
June, 2004	308,155	43,779	351,934	169,987	9,260	531,181
December, 2004	305,132	51,112	356,244	183,998	8,469	548,711
June, 2005	302,725	56,932	359,657	197,308	7,999	564,964

Average Annual Growth Rate -- December 2000 to December 2004	5%
Growth Rate - December 2004 to June 2005 - Annualized	6%

Source: FCC *Number Resource Utilization in the United States,* Reports for the periods listed above. Quantity of pager numbers listed in the December 2000 report is inconsistent with other industry data, and estimate is used for that data point instead.

Table 3

Businesses Use (on average) Four Numbers for Each Switched Access Connection

	Line Category	Units	As of:	Source:
(1)	ILEC Residential Switched Access Lines	100,499,167	30-Jun-2005	FCC *Local Telephone Competition,* 04/06, Table 2
(2)	CLEC Residential Switched Access Lines	16,688,282	30-Jun-2005	FCC *Local Telephone Competition,* 04/06, Table 2
(3)	ILEC Business Switched Access Lines	43,565,989	30-Jun-2005	FCC *Local Telephone Competition,* 04/06, Table 2
(4)	CLEC Business Switched Access Lines	17,426,114	30-Jun-2005	FCC *Local Telephone Competition,* 04/06, Table 2
(5)	Total Res. Switched Access Lines	117,187,449	30-Jun-2005	Line (1) + Line (2)
(6)	Total Bus. Switched Access Lines	60,992,103	30-Jun-2005	Line (3) + Line (4)

	Number Category	Units	As of:	Source:
(7)	ILEC numbers	302,725,000	30-Jun-2005	FCC *Numbering Resource Utilization in the US,* 5/2/06
(8)	CLEC numbers	56,932,000	30-Jun-2005	FCC *Numbering Resource Utilization in the US,* 5/2/06
(9)	Toll Free numbers	22,159,000	30-Dec-2004	FCC*Trends in Telephone Service* , Table 18.3, 06/05
(10)	Total Landline Numbers	381,816,000		

Calculation of Average Quantity of Numbers Used Per Business Switched Access Line			
(11)	Assumed Quantity of Numbers Per Residential Switched Access Line	1.1	Generous assumption based upon study of residential number utilization
(12)	Assumed Total Numbers Used by Residential Switched Access Lines	128,906,194	Line (5) * Line (11)
(13)	Assumed Total Numbers Used by Business Switched Access Lines	252,909,806	Line (10) - Line (12)
(14)	Estimated Quantity of Numbers Used Per Business Switched Access Line	4.15	Line (13) / Line (6)

Table 4

Business Users Will Pay Half of All USF Assessments Under a Numbers-Based Plan

	Number Category	Units	Source:
(1)	Assumed Total Wireline Numbers Used by Business Switched Access Lines	252,909,806	Table 3, Line (13)
(2)	Total Wireless Numbers	213,839,000	http://www.ctia.org/index.cfm accessed 5/16/06
(3)	Estimated Business % of Wireless numbers	25%	*FCC Tenth CMRS Report, at Footnote 487.*
(4)	Estimated Business Wireless numbers	53,459,750	Line (2) * Line (3)
(5)	Total Paging Numbers	7,999,000	FCC *Numbering Resource Utilization in the US,* 5/2/06
(6)	Estimated Business % of Wireless numbers	100%	Assumption
(7)	Estimated Business Wireless numbers	7,999,000	Line (5) * Line (6)
(8)	Total Estimated Numbers Utilized by Business Users	314,368,556	Line (1) + Line (4) + Line (7)
	Calculation of Portion of Total Universal Service Funding that Would Be Collected From Business Users Under a Pure Numbers Based Plan		
(9)	Total Numbers-Based Units (Assuming Lifeline Exemption)	596,534,494	Table 1, Line (8)
(10)	Percentage of Total Universal Service Program Demand Funded by Business Subscribers	53%	Line (8) / Line (9)